

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 FEA-01 DODE-00 PA-01 USIA-06 PRS-01 /081 W

----- 037913

R 251601Z FEB 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4053

INFO AMEMBASSY CARACAS

AMEMBASSY QUITO

C O N F I D E N T I A L LIMA 1556

E.O. 11652: GDS

TAGS: ETRD, PFOR, PE

SUBJECT: TRA - PERU WILL PROBABLY NOT PARTICIPATE IN GSP
UNLESS OPEC EXCLUSION REMOVED.

REF: LIMA 1393 (NOTAL), STATE 28219, STATE 34414

1. ON FEBRUARY 21 EMBASSY OFFICERS ASKED FERNANDO GUILLEN, THE FOREIGN MINISTRY'S TRADE SPECIALIST, WHETHER PERU HAD YET MADE A DECISION ABOUT PARTICIPATING IN GSP. GUILLEN SAID THAT WHILE HE COULD NOT SPEAK OFFICIALLY, HIS JUDGMENT IS THAT PERU WILL NOT DECIDE WHETHER OR NOT TO PARTICIPATE UNTIL THE QUESTION OF OPEC SANCTIONS (AGAINST ECUADOR AND VENEZUELA) IS RESOLVED. THE EMBASSY OFFICERS THEN ASKED GUILLEN WHETHER HE THOUGHT IT WOULD BE USEFUL TO REQUEST A WRITTEN EXPRESSION OF PERU'S INTEREST, EXPLAINING THAT THE DEPARTMENT HAD SENT NEW GUIDANCE TO VARIOUS POSTS, SUGGESTING THAT ON AN INDIVIDUAL BASIS SPECIFIC COUNTRIES MIGHT WANT TO DO SO IN WRITING, BUT THAT THIS PROCEDURE WOULD NOT BE USED IN ALL CASES.

2. GUILLEN RESPONDED VERY NEGATIVELY TO THIS SUGGESTION,
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NOTING THAT WE HAD EARLIER TOLD THE FOREIGN MINISTRY

THAT THERE WAS NO SET PROCEDURE FOR INDICATING INTEREST IN DESIGNATION AS A BDC. SUCH A REQUEST IN WRITING, GUILLEN SAID, WOULD BE "NEFAST" ("ILL-OMEN") SINCE PERU MAINTAINS THAT PREFERENCES ARE A LEGAL OBLIGATION UNDER VARIOUS UN, UNCTAD, AND OAS RESOLUTIONS AND THEREFORE DOES NOT HAVE TO ASK FOR SOMETHING TO WHICH IT HAS A RIGHT. DRAWING ON STATE 34414, THE EMBASSY OFFICERS REPLIED THAT THE USG DOES NOT ACCEPT THE CONTENTION THAT GSP IS A LEGAL OBLIGATION, BUT THAT RATHER PREFERENCES ARE A NON-BINDING OFFER. GUILLEN SAID HE KNEW OUR POSITION WELL AND THAT THIS IS A FUNDAMENTAL POINT OF DISAGREEMENT. HE THEN CONTINUED THAT IN HIS OPINION IF THE USG IS TO REQUEST VARIOUS OTHER (READ LATIN) GOVERNMENTS TO OFFICIALLY EXPRESS IN WRITING THE DESIRE FOR GSP DESIGNATION, WASHINGTON WOULD RECEIVE NUMEROUS NEGATIVE RESPONSES. THINKING OUT LOUD, HE THEN MUSED AS TO WHY WASHINGTON HAS CHANGED SIGNALS AND CONCLUDED BY SAYING THAT HE SUPPOSED THE DEPARTMENT WANTED TO KNOW "WHO IS ON ITS SIDE" IN THE FLAP OVER TRA BEFORE MOVING AHEAD WITH BDC DESIGNATIONS.

3. COMMENT: THE EMBASSY OFFICERS DID NOT EXPLAIN WHY THE DEPARTMENT WISHES TO RECEIVE WRITTEN NOTIFICATION IN SPECIFIC INSTANCES, BUT GUILLEN'S GUESS WAS NOT FAR OFF THE MARK. GIVEN GUILLEN'S VIEWS AND HIS APPARENT INFLUENCE IN THE FOREIGN MINISTRY ON TRADE MATTERS, WE CAN NOW ASSUME THAT PERU WOULD PROBABLY REJECT OUTRIGHT ANY OFFICIAL REQUEST IN WRITING FOR BDC DESIGNATION. FURTHER, IT SEEMS LIKELY THAT PERU WOULD RENOUNCE SUCH DESIGNATION UNLESS THERE IS A FAVORABLE RESOLUTION TO THE OPEC EXCLUSION ISSUE PRIOR TO SUCH DESIGNATION. WE BELIEVE IT ADVISABLE NOT TO REQUEST DESIGNATION IN WRITING, BUT TO AWAIT THE RESULTS OF THE CURRENT DISCUSSIONS BETWEEN THE ADMINISTRATION AND CONGRESS OVER THE OPEC EXCLUSION ISSUE IF TIME PERMITS PRIOR TO ISSUANCE OF THE EXECUTIVE ORDER DESIGNATING BDC'S. IF THAT ISSUE IS RESOLVED FAVORABLY, FROM PERU'S POINT OF VIEW, WE COULD THEN ASSUME THAT PERU WILL PARTICIPATE. IF NOT, THEN WE WOULD BE REQUIRED TO FACE THE ISSUE

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OF OFFICIALLY ASKING PERU WHETHER IT DESIRES TO PARTICIPATE IN GSP, IN ORDER TO AVOID THE PROBLEM OF AN EX POST FACTO RENUNCIATION. DEPARTMENT'S COMMENTS ON THIS COURSE OF ACTION WOULD BE APPRECIATED.
DEAN

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NNN

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